

# Milk Pricing

## NEWSLETTER

Dairy Marketing Branch, CDFA

September 2003

### National Cheddar Cheese Commodity Price Holds Steady . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity price for butter fell slightly and Cheddar cheese remained steady with a slight price increase compared to last month. Consequently, all types of milk showed small gallon price increases with the largest increases for milk with less fat: whole milk increased six tenths of a cent per gallon, reduced fat milk increased two and one tenths cents per gallon, lowfat milk increased three and one tenths cents per gallon, and skim milk increased three and two tenths cents per gallon.

For the second month in a row, California milk production showed a slight decrease compared to the same month last year. Dairy product sales have been stronger than recent months and the start of the new school year will bring a surge in beverage sales. Nationally, total milk production, milk production per cow, and milk cow numbers are down compared to last year levels and the heat wave in the West and recently in the Midwest region has certainly contributed to the milk production decline.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

#### Minimum Prices for the Four Types of Fluid Milk by Container Size for October 2003

<b>Northern California</b>	<b>Gallon</b>	<b>1/2 Gallon</b>	<b>Quart</b>	<b>Pint</b>	<b>1/3 Quart</b>	<b>1/2 Pint</b>
Whole Milk	\$1.393	\$0.697	\$0.348	\$0.174	\$0.116	\$0.087
Reduced Fat (2%)	\$1.357	\$0.679	\$0.339	\$0.170	\$0.113	\$0.085
Lowfat (1%)	\$1.346	\$0.673	\$0.336	\$0.168	\$0.112	\$0.084
Nonfat (Skim)	\$1.064	\$0.532	\$0.266	\$0.133	\$0.089	\$0.067

<b>Southern California</b>	<b>Gallon</b>	<b>1/2 Gallon</b>	<b>Quart</b>	<b>Pint</b>	<b>1/3 Quart</b>	<b>1/2 Pint</b>
Whole Milk	\$1.417	\$0.708	\$0.354	\$0.177	\$0.118	\$0.089
Reduced Fat (2%)	\$1.381	\$0.690	\$0.345	\$0.173	\$0.115	\$0.086
Lowfat (1%)	\$1.370	\$0.685	\$0.342	\$0.171	\$0.114	\$0.086
Nonfat (Skim)	\$1.089	\$0.544	\$0.272	\$0.136	\$0.091	\$0.068

#### Price Changes from the Previous Pricing Period

	<b>Gallon</b>	<b>1/2 Gallon</b>	<b>Quart</b>	<b>Pint</b>	<b>1/3 Quart</b>	<b>1/2 Pint</b>
Whole Milk	\$0.006	\$0.003	\$0.001	\$0.001	\$0.000	\$0.000
Reduced Fat (2%)	\$0.021	\$0.010	\$0.005	\$0.003	\$0.002	\$0.001
Lowfat (1%)	\$0.031	\$0.015	\$0.008	\$0.004	\$0.003	\$0.002
Nonfat (Skim)	\$0.032	\$0.016	\$0.008	\$0.004	\$0.003	\$0.002

**California Department of Food and Agriculture (CDFA)**

**William (Bill) J. Lyons Jr., Secretary**

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## Minimum Prices for the Milk Component of Various Manufactured Dairy Products

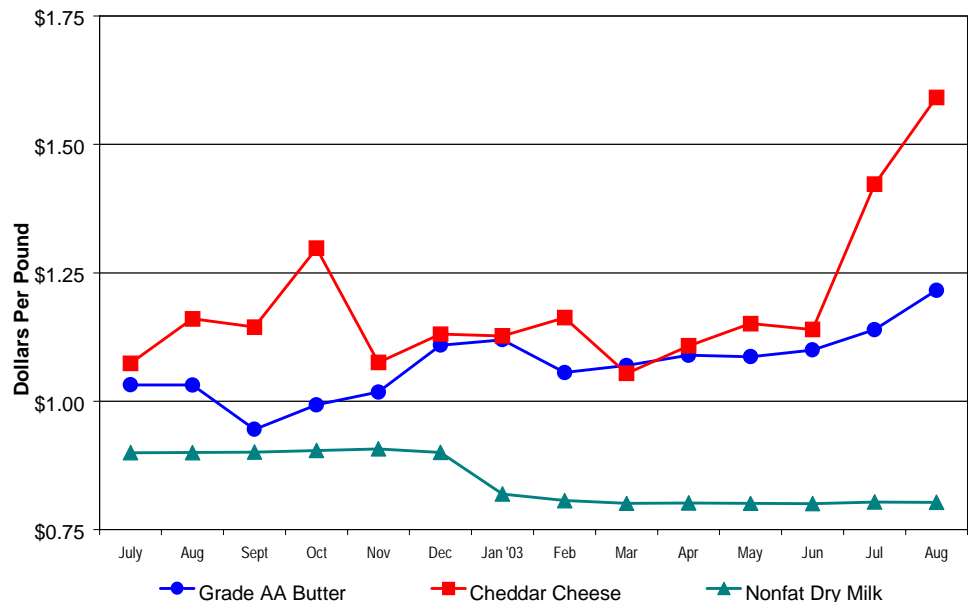
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
Dec	\$0.20	\$1.09	\$0.43
Jan '03	\$0.20	\$1.09	\$0.43
Feb	\$0.18	\$1.12	\$0.43
Mar	\$0.18	\$1.12	\$0.43
Apr	\$0.18	\$1.07	\$0.41
May	\$0.18	\$1.07	\$0.41
June	\$0.18	\$1.08	\$0.42
July	\$0.18	\$1.08	\$0.42
Aug	\$0.18	\$1.13	\$0.44
Sept	\$0.18	\$1.13	\$0.44

### National Commodity Prices for July 2002 - August 2003

#### Grade AA Butter, Block Cheddar Cheese, and Nonfat Dry Milk



In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at [dairy@cdfa.ca.gov](mailto:dairy@cdfa.ca.gov), or by contacting TDD 1-800-735-0193.

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